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**GAIN Report Number:**

## Argentina

### Grain and Feed Update

### January Lock-up Report

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**Report Highlights:**

Widespread rainfall during the past couple of weeks came too late for some of the early planted corn crop and production for the 2010/11 marketing year (MY) is reduced to 22 million metric tons (MMT), a change of 1.5 MMT from the USDA official forecast. Corn exports for the same year are reduced by 1.4 MMT to 14.6 MMT. MY2010/11 wheat production remains unchanged at 14 MMT. Domestic consumption for wheat has been adjusted to 5.85 MMT (up 450,000 MT) in MY 2010/11 and to 5.8 MMT (up 600,000) during MY 2009/10. Rice production for MY 2009/10 is brought down by 100,000 MT to 706,000 MT and exports for the same year are expected to be at 430,000 MT down 120,000 MT from the official USDA estimate.

**Post:**

Buenos Aires

**Author Defined:**

Section I. Situation and Outlook

**Corn**

Post is reducing its MY2010/11 corn production estimate to 22 MMT, down 1.5 MMT as dry weather and insufficient water supply in November and December 2010 caused damage that could not be reversed to corn yield in some areas before the widespread rainfalls came during the past two weeks.

On January 15<sup>th</sup>, 19<sup>th</sup> and 25<sup>th</sup>, showers that totaled four inches on average brought relief to most of the corn area. However, nearly 60 percent of the area (1.92 million ha) had already been severely affected by the lack of rain during its critical flowering period from December 2010 to mid-January 2011. As a result a great deal of yield will be forfeited. The remaining 1.28 million ha, reportedly, is not expected to suffer such extreme yield losses because planting was delayed until November or December 2010, and therefore the crop was not in its critical flowering period during the driest months. Post is assuming average yields of 5.5 MT/ha for the affected areas and 9 MT/ha for the unaffected areas reducing the average national corn yield to 6.9 MT/ha. Furthermore, FAS Buenos Aires staff traveled to northern Buenos Aires province, Southeastern Córdoba and Southern Santa Fe province the week of January 10<sup>th</sup>. At the time, corn crop conditions were varied, some fields with very under-developed corn and dry patches, and some fields that were in excellent condition with tall, green stalks and large well-developed ears.

Post has reduced its MY2010/11 corn export estimate to 14.6 MMT, down 1.4 MMT with respect to USDA estimate due to the decline in production.

**Wheat**

Post maintains its MY2010/11 harvested area and production estimate at 4.5 million ha and 14 MMT respectively. Despite some Argentine private estimates that have pegged MY2010/11 wheat production at nearly 15 MMT, post concurs with the Argentine Ministry of Agriculture (MOA) estimates of 14 MMT for the MY2010/10 wheat crop.

MY 2010/11 wheat exports remain in-line with the official USDA estimate of 8.5 MMT. Increased seed use, population growth, stronger economic growth, and tax preferences for exported processed products have triggered an increase in domestic consumption to 5.85 MMT during the same year. For the same reasons, consumption has been increased to 5.8 MMT during the 2009/10 MY (a change of

600,000 MT) based on official Ministry of Agriculture milling data through November 2010.

Production for 2008/09 has been increased to 11 MMT (up 500,000) as official sources indicate that ending stocks are higher than originally estimated.

## **Rice**

Post forecasts MY2010/11 rice production at 1.6 MMT, in-line with USDA number. Post is decreasing MY2009/10 production estimate by 100,000 MT to 706,000 MT. Sources in the industry report that the harvest suffered more from lack of moisture than what was previously expected.

MY2010/11 rice exports are maintained in-line with the official USDA number at 700,000 MT. One of the largest Argentine exporters has informed Post about a deal with Iraq for a sale of 45,000 MT which is expected to close in April 2011.

MY2009/10 exports are expected to be at 430,000 MT down 120,000 MT from USDA estimate. Industry sources have reported a 40,000 MT sale that was allocated for Venezuela was delayed and will be shipped in MY2010/11. Also, the same sources indicate that Brazil has also reduced its order in the past few months.

## **Other**

Wheat and corn export markets continue to be intervened by the GOA. Farmer organizations went on to a seven-day stop-sale-strike last week protesting for the GOA export restrictions that are negatively influencing wheat and corn prices.

[illegible]

Wheat Argentina		2008/2009		2009/2010		2010/2011	
		Market Year Begin: Dec 2008		Market Year Begin: Dec 2009		Market Year Begin: Dec 2010	
		USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
	Area Harvested	5,250	5,250	3,650	3,750	4,500	4,500
	Beginning Stocks	2,351	2,351	785	1,285	1,363	1,263
	Production	10,500	11,000	11,000	11,000	14,000	14,000
	MY Imports	26	26	3	3	5	5
	TY Imports	46	46	3	3	5	5
	TY Imp. from U.S.	0	0	0	0	0	0
	Total Supply	12,877	13,377	11,788	12,288	15,368	15,268
	MY Exports	6,767	6,767	5,200	5,200	8,500	8,500
	TY Exports	8,621	8,621	5,172	5,172	7,000	8,000
	Feed and Residual	25	25	25	25	25	25
	FSI Consumption	5,300	5,300	5,200	5,800	5,400	5,850
	Total Consumption	5,325	5,325	5,225	5,825	5,425	5,875
	Ending Stocks	785	1,285	1,363	1,263	1,443	893
	Total Distribution	12,877	13,377	11,788	12,288	15,368	15,268
1000 HA, 1000 MT							

